



SUCCESS STORY

Cattle Farmers Get Higher Prices

BOTSWANA MEAT COMMISSION PAYS PRODUCERS HIGHER PRICES IN BID TO BOOST THE STRUGGLING CATTLE INDUSTRY



Photo: Southern Africa Trade Hub

It is hoped that the increases offered to farmers will lead to greater throughput at the Botswana Meat Commission's abattoir in Lobatse which currently operates well below capacity.

As a result of the Trade Hub's technical work and continued support to cattle producers in lobbying for changes to Botswana's beef export policies, in December 2005 the Botswana Meat Commission (BMC) increased the prices it pays to producers by an average of 40 percent.

In an effort to revitalize the cattle industry and increase incentives for raising cattle, the Botswana Meat Commission (BMC), which has a monopoly over Botswana's beef exports, has increased the prices it pays to producers by an average of 40 percent since the beginning of 2006.

The price increase comes at a time when the Botswana cattle sector is facing significant difficulties due to declining exports. The sector's share in exports has fallen by more than 50 percent – from 3.4 percent in 1998 to only 1.3 percent in 2003 with only a slight recovery to 1.5 percent in 2004. Revenue from beef exports also reached a record low in 2003 with only 166 million Botswana Pula (US\$30 million), down from 349 million Pula (US\$63 million) in 1998.

The cattle sub-sector is the mainstay of Botswana's rural economy, with an estimated 20-25 percent of the country's households involved in cattle rearing as owners or employees. While the amounts are low, it remains the country's second largest foreign exchange earner.

The recent increase in prices is aimed at spurring growth in the industry by encouraging more investments in cattle rearing.

The Minister of Agriculture told Parliament recently that the Government has left the door open for further reviews of its policies on the cattle industry and, potentially, more price increases for producers.

Government efforts to boost the cattle industry, including the recent price increases, are in line with recommendations made in a USAID Trade Hub policy paper by Dr. Keith Jefferis. The paper, published in 2005, identified the low prices paid by the state-owned BMC as one of the main impediments to the economic viability and expansion of the sector.

With Trade Hub support, the Botswana Cattle Producers' Association (BCPA) provides a strong voice to cattle farmers and is recognized as a key partner by the Government of Botswana.